

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7552

BILL NUMBER: HB 1165

NOTE PREPARED: Feb 1, 2005

BILL AMENDED: Jan 31, 2005

SUBJECT: Corporate Law Issues.

FIRST AUTHOR: Rep. Messer

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill requires the Attorney General to investigate securities fraud if there is a reasonable likelihood that the securities fraud affected securities owned by PERF or TRF. The bill provides that the Attorney General shall intervene in a civil or administrative action concerning a securities fraud that may have affected securities owned by PERF or TRF if intervention is permissible under court or administrative rule. The bill also requires the Securities Commissioner to assist the Attorney General in a securities fraud investigation. The bill permits a corporate document to be executed by a registered agent, certified public accountant, or attorney employed by the business entity. It defines as an "other entity" certain business entities that are neither converting nor surviving entities, and establishes a procedure by which an other entity may convert its business form. The bill sets forth requirements for other business entities to merge.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) This bill requires the Attorney General (AG), with assistance of the Securities Commissioner, to investigate securities fraud if there is a reasonable likelihood that the fraud affected securities owned by PERF or TRF. If an investigation is initiated by the AG, there will be an administrative cost impact on both the AG's office and the Commissioner's office. The Commissioner's office is part of the Secretary of State's (SOS) office. The administrative cost of carrying out this investigation could presumably be covered through the use of existing staff and resources.

The AG is also required by the bill to intervene in a civil or administrative action concerning a securities fraud that may have affected securities owned by PERF or TRF if the intervention is permissible under court or administrative rule. Requiring the AG to intervene in more cases will cause an increase in administrative costs.

Ultimately, the impact on the AG will be determined by the number of actions involving securities fraud that may have affected securities owned by PERF or TRF. The number of actions that would fall under this provision is unknown.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General; Secretary of State

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Adam Brown, 317-232-9854.